

## Message Text

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ACDA-12 /122 W

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P 281758Z APR 78

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 4406

INFO AMEMBASSY LISBON PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 MADRID 04617

E.O. 11652: GDS

TAGS: PEPR, PO, SP

SUBJECT: SPAIN AND PORTUGAL

REF: OPORTO 0111

1. SUMMARY: THE VISIT OF KING JUAN CARLOS TO PORTUGAL MAY 3-7 COMES WHEN RELATIONS BETWEEN THE TWO COUNTRIES ARE BETTER THAN AT ANY TIME SINCE PORTUGAL'S APRIL 1974 REVOLUTION. THE PERIOD BETWEEN THAT EVENT AND FRANCO'S DEATH SAW RECURRING CHALLENGES TO GOOD RELATIONS, BUT THE DETERMINATION OF BOTH GOVERNMENTS TO DOWNPLAY DIFFICULTIES BORE FRUIT, AND SINCE THEN THE TREND HAS BEEN STEADILY UPWARD. WITH BILATERAL ISSUES IN THE PROCESS OF RESOLUTION AND A NEW FRAMEWORK FOR COOPERATION ESTABLISHED BY THE 1977 TREATY OF FRIENDSHIP AND COOPERATION, THE PROSPECTS ARE FOR . CONTINUED IMPROVEMENT. THE LONG TRADITION OF MUTUAL DISREGARD COULD SLOW THE PACE, AND THE KING'S VISIT AIMS AT ENCOURAGING INTEREST ON BOTH SIDES OF THE BORDER. END SUMMARY.

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2. THE OVERTHROW OF THE SALAZAR/CAETANO REGIME NATURALLY LEFT THE FRANCO GOVERNMENT CONCERNED OVER THE POSSIBLE IMPACT WITHIN SPAIN, CONCERNS WHICH WERE INTENSIFIED WHEN LEFTIST PORTUGUESE GROUPS BEGAN TO AIM BLANDISHMENTS AT THE NEARBY SPANISH REGION OF GALICIA. AWARE THAT NERVOUSNESS ABOUT THE NEIGHBOR'S INTENTIONS WAS NOT LIMITED TO THIS SIDE OF THE BORDER,

THE GOS DETERMINED ON A STANCE OF NON-INTERFERENCE, WITH THE IMPORTANT COROLLARY THAT IT WAS EXPECTED TO BE RECIPROCAL.

3. WITH THE GOP PLAYING ALONG (IT COULD HARDLY HAVE AFFORDED ANY SERIOUS ADVENTURING IN SPAIN IN THE CIRCUMSTANCES), RELATIONS REMAINED ON A FAIRLY EVEN KEEL, BUT OFFICIAL SPANISH CONCERN PERSISTED INTO 1975, AND MOUNTED AS THE GOS SAW THE CONTINUATION OF A LEFTIST TREND, LEADING IT TO FEAR INFILTRATION ACROSS THE OPEN BORDER. IN THE MEANTIME, PRO-DEMOCRACY FORCES IN SPAIN WERE OPENLY DRAWING THE LESSON FROM DEVELOPMENTS IN PORTUGAL THAT IN ORDER TO AVOID CHAOS IN POST-DICTATORSHIP SITUATIONS, DEMOCRATIC PREPARATION WAS ESSENTIAL.

4. THE APRIL 1975 ELECTIONS IN PORTUGAL BROUGHT A SENSE OF RELIEF TO SPAIN, EVEN THOUGH THE CENTER AND LEFT HERE, CONTINUING TO PRESS, CALLED THE RESULTS EVIDENCE THAT ELECTIONS COULD SAFELY BE HELD IN SPAIN AS WELL. THE JUNE 1975 VISIT TO SPAIN OF PORTUGAL'S THEN-FOREIGN MINISTER MELO ANTUNES APPEARED TO RESTORE NORMALITY, AND TO SET THE STAGE FOR A RESUMPTION AND INTENSIFICATION OF BILATERAL RELATIONS. BOTH SIDES HAD DONE WELL, IT WAS AGREED AT THE TIME, IN AVOIDING PROVOCATIONS OVER THE PREVIOUS FOURTEEN MONTHS.

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5. FURTHER STRAINS WERE NOT LONG IN DEVELOPING, HOWEVER, AS THE TWO GOVERNMENTS BEGAN TO EXCHANGE RECRIMINATIONS OVER OPPOSITION ACTIVITIES IN EACH OTHER'S COUNTRY. SPAIN RESISTED PORTUGUESE REQUESTS FOR EFFORTS TO BRING THE BALANCE OF TRADE NEARER TO EQUILIBRIUM (ON THE GROUNDS THAT SPANISH TOURISM MADE UP THE DEFICIT). GOS OFFICIALS REPORTED THAT SPANISH FIRMS WERE WORRIED BY THE INCREASING TURMOIL IN PORTUGAL, AND THAT SPANISH TOURISTS WERE BEING HARASSED.

6. RELATIONS TOOK A FURTHER DOWNTURN AS SPAIN REACTED STIFFLY TO CALLS IN THE PORTUGUESE PRESS FOR THE DEATH SENTENCE NOT TO BE CARRIED OUT ON THE RECENTLY CONVICTED SPANISH ULTRA-LEFT TERRORISTS. THE LOW POINT WAS REACHED IN SEPTEMBER 1975 WHEN, FOLLOWING THE GOS' DECLARED DECISION TO PROCEED WITH THE EXECUTIONS, THE SPANISH EMBASSY AND CONSULATES IN PORTUGAL WERE SACKED IN PROTEST.

7. WHILE NOT FAILING TO NOTE PUBLICLY THAT IT TOO HAD ASKED THE GOS NOT TO GO AHEAD WITH THE EXECUTIONS, THE GOP REACTED PROPERLY, PROMISING AN INQUIRY, INDEMNIFI-

CATION, AND A GUARANTEE AGAINST A RECURRENCE. BOTH THE  
GOP AND THE LISBON PRESS WENT ON TO EXPRESS THE CON-  
VICTION THAT THE EVENTS WOULD NOT SERIOUSLY AFFECT  
PORTUGUESE-SPANISH FRIENDSHIP.

8. IT WAS IN FACT A TENSE MOMENT. SPAIN WITHDREW ITS  
AMBASSADOR AND DIPLOMATIC STAFF, AND FRANCO STIRRED  
SPECULATION OVER HIS INTENTIONS BY DECLARING PUBLICLY  
A FEW DAYS LATER THAT NO ONE WAS MORE INTERESTED THAN  
SPAIN IN SEEING "ORDER AND AUTHORITY RE-ESTABLISHED"  
IN PORTUGAL.

9. THE WILL TO AVOID PROBLEMS SOON RE-ASSERTED ITSELF,

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P 281758Z APR 78

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 4407

INFO AMEMBASSY LISBON PRIORITY

C O N F I D E N T I A L SECTION 02 OF 03 MADRID 04617

HOWEVER. SPAIN HAD A CHARGE BACK IN LISBON LESS THAN  
A MONTH LATER, AND THE AMBASSADOR RETURNED SHORTLY  
AFTER THE NEW YEAR 1976. THE GOS FORCED SPINOLA OUT  
JUST AFTER HE HAD COME TO SPAIN (AGAIN), AND LATER  
REFUSED HIM ENTRY. THE TWO FOREIGN MINISTERS (AREILZA  
AND MELO ANTUNES) MET IN FEBRUARY 1976, SIGNING TWO  
TREATIES (ON CONTINENTAL SHELF AND TERRITORIAL SEA  
LIMITS, PLUS A THIRD SUPPLEMENTARY ONE ON A HYDRO-  
ELECTRIC PROJECT) AND AGREEING THAT RELATIONS WERE  
BACK ON A BUSINESS-LIKE BASIS. THE ACTIVITIES OF  
OPPOSITION GROUPS IN THE OTHER COUNTRY REMAINED A  
PROBLEM FOR A TIME, BUT WITHERED AWAY AS POLITICAL DE-  
VELOPMENTS IN THE TWO COUNTRIES CAME INTO HARMONY.  
WHILE THE TWO SOCIALIST PARTIES HAVE HAD GOOD RELATIONS  
(THE PSOE'S FELIPE GONZALEZ AND SOARES HAVE CONSULTED

PERIODICALLY, AND SOARES TRIED TO HELP THE CAUSE OF SOCIALIST UNITY WITHIN SPAIN), CONTACTS BETWEEN THE TWO SOCIALIST TRADE UNIONS HAVE APPARENTLY BEEN MINIMAL. SOARES' OCCASIONAL EFFORTS IN THE PAST TO PLAY UP PCE SECGEN SANTIAGO CARRILLO AS A MEANS OF EMPHASIZING PCP LEADER ALVARO CUNHAL'S RETROGRADE POSTURE WERE UNDERSTOOD ON THE SPANISH SIDE, BUT STILL CONFIDENTIAL

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CAUSED SOME DISCOMFORT WITHIN BOTH THE GOS AND THE PSOE.

10. RELATIONS SINCE HAVE SHOWN STEADY IMPROVEMENT. THE MAY 1977 VISIT TO SPAIN OF PORTUGUESE PRESIDENT EANES RATIFIED THAT RELATIONS HAD BECOME GOOD, AND THE VISIT OF PRIMIN MARIO SOARES IN NOVEMBER 1977 SHOWED HOW FAR THE IMPROVEMENT HAD GONE. THE ANACHRONISTIC IBERIAN (FRANCO-SALAZAR) PACT WAS DROPPED, AND A NEW TREATY OF FRIENDSHIP AND COOPERATION SIGNED, ESTABLISHING A COUNCIL FOR SPANISH-PORTUGUESE COOPERATION AND PROVIDING A FRAMEWORK FOR COOPERATION IN THE COMMERCIAL, CULTURAL, SCIENTIFIC, AND MILITARY FIELDS.

11. THE VISIT TO SPAIN APRIL 15-18 OF PORTUGUESE INTERIOR MINISTER GAMA MARKED A FURTHER ADVANCE IN COOPERATION, AS HE MET WITH HIS SPANISH COUNTERPART TO DISCUSS MEASURES TO COMBAT INTERNATIONAL TERRORISM AND TO CONSIDER THE POSSIBLE ABOLITION OF THE NEED FOR PASSPORTS FOR TRAVEL BETWEEN THE TWO COUNTRIES. A SPANISH MFA OFFICIAL WHO WAS PRESENT AT THE TALKS SAID HE WAS IMPRESSED BY THE VISITORS' EVIDENT SERIOUSNESS REGARDING SECURITY PROBLEMS.

12. THE ONE ISSUE STILL OUTSTANDING IS THAT OF PORTUGUESE INDEMNIFICATION FOR SPANISH INVESTMENTS AND PROPERTIES IN PORTUGAL THAT WERE EITHER NATIONALIZED OR SEIZED FOLLOWING THE APRIL REVOLUTION. (INDEMNIFICATION FOR DAMAGES TO THE EMBASSY AND CONSULATES IS VIRTUALLY COMPLETED.) WHILE THERE WAS RECENTLY SOME LOW-KEY GRUMBLING IN THE PRESS HERE OVER THE FAILURE STILL TO RESOLVE SOME OF THESE CASES, SPANISH OFFICIALS CONTINUE TO EXPRESS CONFIDENCE IN THE GOP'S GOOD FAITH CONFIDENTIAL

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IN THIS REGARD, NOTING THAT MANY OF THE CASES ARE COMPLICATED AND DIFFICULT. PORTUGUESE FOREIGN MINISTER

SA MACHADO TOLD SPANISH JOURNALISTS APRIL 20 THE CASES  
WOULD BE CLEARED UP SOON.

13. SPANISH OFFICIALS CONTEND THAT PORTUGAL WANTS SPAIN  
IN NATO, IN ORDER TO LESSEN ITS SENSE OF ISOLATION  
WITHIN THE ALLIANCE AND HELP FOCUS ATTENTION ON THE  
NEIGHBORHOOD. THESE OFFICIALS ALSO EXPRESS AWARENESS,  
HOWEVER, OF PORTUGUESE CONCERNS THAT SPANISH ENTRY  
MIGHT RESULT IN DIMINISHED ROLES AND RESOURCES FOR  
PORTUGAL. WE HAVE BEEN TOLD, IN ANY CASE, THAT THE  
PORTUGUESE AMBASSADOR HERE HAS WORKED ON SOCIALIST  
(PSOE) LEADER FELIPE GONZALEZ IN AN EFFORT TO OVERCOME  
THAT PARTY'S OBJECTION TO SPANISH ENTRY INTO NATO.

14. THE GOS HAS HAD NO PROBLEM WITH THE PORTUGUESE  
DETERMINATION THAT THE TWO COUNTRIES' INTEGRATION INTO  
THE EC BE CARRIED OUT SEPARATELY.

-- THEY HAVE AGREED TO EXCHANGE INFORMATION ON THE  
PROCESS AS IT DEVELOPS.

15. DESPITE THE GOOD GOVERNMENTAL WILL, THERE ARE  
STILL OBSTACLES TO THE DEVELOPMENT OF EFFECTIVELY  
EXPANDED RELATIONS. FOR ONE THING, AS MFA OFFICIALS  
HERE HAVE PREVIOUSLY NOTED, THE LESS-DEVELOPED PORTUGAL  
REALLY HAS NOTHING TO SELL SPAIN. (TRADE REMAINS IN  
CONSIDERABLE IMBALANCE, WITH SPANISH EXPORTS TO PORTUGAL  
IN 1977 MORE THAN FIVE TIMES THE VALUE OF IMPORTS.)  
ON A BROADER PLANE, THE TWO COUNTRIES SHARE A LONG  
TRADITION OF LIVING WITH THEIR BACKS TURNED, MUTUALLY  
IGNORANT OF EACH OTHER AND APPARENTLY EQUALLY CONTENT  
TO LEAVE IT THAT WAY. ONE FACTOR -- PORTUGAL'S UNDER-  
STANDABLE HISTORIC SUSPICION OF POSSIBLE HEGEMONIC (OR  
WORSE) PRETENSIONS ON THE PART OF THE LARGER, STRONGER  
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P 281758Z APR 78

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 4408

INFO AMEMBASSY LISBON PRIORITY

C O N F I D E N T I A L SECTION 03 OF 03 MADRID 04617

SPAIN, HAS A COUNTERPART IN A SPANISH TENDENCY NOT ONLY TO DISDAIN ITS IBERIAN NEIGHBOR AS SMALLER, POORER AND LESS ADVANCED, BUT ALSO TO RECALL IT AS A COUNTRY THAT TURNED DOWN THE OPPORTUNITY TO BE PART OF SPAIN. THUS SPAIN TOO HAS TURNED ITS BACK, NOT IN SELF-DEFENSE BUT IN PREFERENTIAL ATTENTION TO ITS LARGER NEIGHBORS TO THE EAST AND NORTH.

16. ALONG WITH INCREASED GOVERNMENTAL EFFORTS, CRACKS IN THE INVISIBLE PEOPLE-TO-PEOPLE WALL ARE BEGINNING TO DEVELOP, MFA OFFICIALS TELL US, AS FINANCIALLY PINCHED SPANIARDS ARE INCREASINGLY DISCOVERING PORTUGAL AS A CONVENIENT, RELATIVELY ECONOMICAL, AND PLEASANT PLACE FOR VACATIONS. WITH GOVERNMENT-TO-GOVERNMENT COOPERATION ALREADY GEARING UP, AND IN THE ABSENCE OF SERIOUS PENDING ISSUES, THE KING'S VISIT IS AIMED PRINCIPALLY (WE HAVE BEEN TOLD) AT CALLING EACH PEOPLE'S ATTENTION TO THE OTHER. HE AND HIS FAMILY ARE, WE NOTE, ENGAGING AND EFFECTIVE GOOD-WILL VISITORS. STABLER

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## Message Attributes

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